

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)
)
Federal-State Joint Board on) CC Docket No. 96-45
Universal Service)
)
1998 Biennial Regulatory Review-) CC Docket No. 98-171
Streamlined Contributor Reporting)
Requirements Associated with Administration)
of Telecommunications Relay Service, North)
American Numbering Plan, Local Number)
Portability, and Universal Service Support)
Mechanisms)
)
Telecommunications Service for Individuals) CC Docket No. 90-571
with Hearing and Speech Disabilities, and the)
Americans with Disabilities Act of 1990)
)
Administration of the North American) CC Docket No. 92-237
Numbering Plan and North American) NSD File No. L-00-72
Numbering Plan Cost Recovery Contribution)
Factor and Fund Size)
)
Number Resource Optimization) CC Docket No. 99-200
)
Telephone Number Portability) CC Docket No. 95-116
)
Truth-in-Billing and Billing Format) CC Docket No. 98-170

COMMENTS OF THE ALASKA TELEPHONE ASSOCIATION

The Alaska Telephone Association (“ATA”) represents fourteen rural incumbent local exchange carriers. Within the service areas of these companies are the most remote communities in the United States; the vast majority of which are accessible only by air or water.

For the customers in these communities, universal service funding (“USF”) is crucial to the provision of telecommunications services at just, reasonable and affordable rates. Without USF, the national telecommunications network would be diminished by the lack of access to this, the epitome of high-cost rural America.

Viability of the Universal Service Fund

In recent years, dramatic technological advances have expanded the modes of delivery of communications. At the same time a broadened use of terminology has clouded our general understanding of aspects critical to the industry. What was formerly understood as the telephone industry, evolved into the telecommunications industry and perhaps the communications industry. During transition, Internet delivered written (data) communication over “telephone” lines, but evolution has brought IP telephony which delivers voice over “telephone” lines; perhaps a lot like telephone?

At the same time, the dollar amount of the universal service fund has increased due primarily to an expanded array of included services rather than significant cost increases in the services formerly funded. Whereas providing high-cost rural telephone access at affordable rates was the former driver of the universal service fund, the fund is now understood to provide discounted telephone service for schools and libraries, rural healthcare facilities, more focused attention to low income support through Lifeline, and support for competitive providers. Some of the technologies contribute to the operation and maintenance of the infrastructure while others, although using it, do not.

The ATA appreciates this inquiry by the Commission and the opportunity for us to suggest that there should be some clear bifurcation between support for the high-cost

recovery of the telecommunications network in rural areas and the societal benefits achieved through subsidizing national social programs. The terminology, “universal service,” is virtually the only commonality of the programs brought together under the universal service fund. Distinctive terminology would make clear whether “high-cost rural” is driving the fund up or whether the increase is due to a more inclusive (mis)understanding of universal service.

Further, all providers and users of the network should contribute to the support of the fund. Whether delivery of telecommunications is through wireline, cable modem, IP, cellular, or any other technology, universal access must be maintained. No technology, due to special dispensation, should be permitted to undermine the viability or sustainability of the fund to the detriment of the national network.

Increasing the high-cost demand on the universal service fund is the practice of reimbursing a competitive local exchange carrier (“CLEC”) based on the costs of the incumbent local exchange carrier (“ILEC”). A CLEC’s business decision to enter a market is usually based on the belief that its costs will be less than those of the incumbent. The costs should always be less if a subsequent provider has the advantage of efficiencies gained from the evolution of technology.

Even given the irrationality of distributing USF to more than one provider in areas where the customer base cannot support a single provider, support based upon the higher embedded costs of the ILEC provide the CLEC with windfall profits that will unnecessarily and unreasonably increase the size of the fund. If there is justification for the concept of portability, it should only be the satisfaction of the need – the shortfall – that is portable and not the absolute number of dollars.

Recognizing the very real prospect that a revenue based assessment may not provide for a sustainable universal service fund in the face of dwindling interstate revenues, the Commission proposed a connection-based assessment for additional revenues. We find that suggestion interesting, while at the same time being apprehensive that “connection” might be construed to occur only between the end user and the local exchange carrier. There are often numerous connections between service providers that facilitate the calling party’s objective and if all of these connections are considered, we believe we might find ourselves supportive of this revenue stream. A necessary prerequisite in the determination of whether or not the base of a connections based assessment has been sufficiently broadened to ensure a sustainable and sufficient fund is the definition of “connection.”

Conclusion

USF is necessary for the delivery of affordable, quality telecommunications in the State of Alaska. ATA members are very concerned with the formidable growth and attendant threat to the fund. We advocate for a clear bifurcation between high-cost rural support which maintains national access and funding for the very beneficial social programs that are delivered through telecommunications. All parties using the network should contribute to its maintenance. Portability must be reconsidered and a more prudent application established. And, finally, ATA supports, in general, the concept of a “connection based assessment” for the universal service fund. For that assessment to be considered, the Commission must develop an adequate record so that all interested parties

can properly evaluate the methodology to ensure that it will produce a sufficient and sustainable fund and that no particular user group is unduly burdened.

Respectfully submitted,

ALASKA TELEPHONE ASSOCIATION

April 22, 2002

By: _____

James Rowe
Executive Director

Alaska Telephone Association
201 E. 56th, Suite 114
Anchorage, Alaska 99518

(907) 563-4000
jrowe@alaskatel.org